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THE ORKAND CORPORATION

SILVER SPRING, MARYLAND

ASSESSMENT OF THE PLANNING PROCESS FOR
DEVELOPMENT AND UPDATE OF THE DEPARTMENT OF
THE NAVY'S STRATEGIC FINANCIAL MANAGEMENT
MASTER PLAN

June 1, 1983

Contract Number: N00014-83-C-0016

Prepared for:

Planning and Systems Evaluation Division
Navy Accounting and Finance Center,
a "Crystal Mall, No. 3, Room 507
Washington, D.C. 20376



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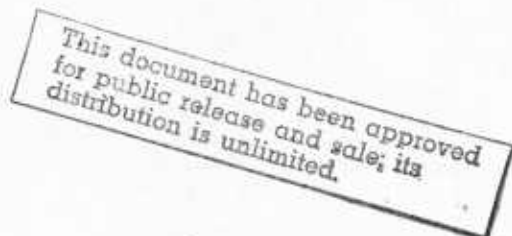


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EXECUTIVE SUMMARY

INTRODUCTION

The Department of the Navy (DON) has substantial assets deployed for operating its financial management systems, which have evolved over the years from a variety of decentralized development projects. This decentralization has resulted in non-standard systems and inconsistencies in classification structures. As a way of eliminating these deficiencies, the DON Financial Management Improvement Program (FMIP) was established to document the major current and long range improvement plans and projects. The overall objective of the FMIP is the effective coordination of the development and implementation of improved and integrated financial management systems throughout the DON. The DON FMIP has been approved by the Secretary of the Navy (SECNAV), the General Accounting Office (GAO), the Office of Management and Budget (OMB), and the Office of the Assistant Secretary of Defense (Comptroller).

The Comptroller of the Navy (NAVCOMPT) is responsible for exercising positive technical control and coordination over all financial management systems development and improvement efforts throughout the DON. Within NAVCOMPT, the Financial Systems Policy and Planning Operations Directorate, Navy Accounting and Finance Center (NAFC), is responsible for publishing and maintaining FMIP documentation which sets forth the current and long-range plans for financial management system development.

In the interest of improving its planning methodology, the Financial Systems Policy and Planning Operations Directorate engaged The Orkand Corporation, under Contract No. N00014-83-C-0116, to review current planning practices, provide an assessment of the current procedures and techniques along with recommendations for improved planning, and investigate planning techniques used by other Federal government agencies. This report provides our assessment of the planning process used for developing and maintaining the DON Financial Management Improvement Program. Other technical reports related to this effort are TR-83-W-023: The Baseline Planning Environment, Navy Accounting and Finance Center, and TR-83W-028: A Report on Long Range Planning Issues Pertinent to the Navy Accounting and Finance Center.

FINDINGS

We found a strong commitment to upgrading the planning process on the part of the Financial Systems and Planning Operations Directorate. Specific steps taken in recent months include:

- recruiting new management from outside NAVCOMPT;

- aligning the planning function more closely with the systems evaluation function for the purpose of permitting more feedback and evaluative efforts of long-range plan attainment.
- re-structuring a DON strategic financial management master plan.

The planning unit is presently identifying and documenting long-range strategies by functional segment (industrial fund, trust fund, stock fund, civilian pay, military pay, and general accounting/disbursing/budgeting/finance). In instances in which a particular segment does not have an explicit strategy statement, the planners will help the segment directorate personnel infer what the strategies are, based upon the projects underway or planned. Additionally, planning issues memoranda are being developed that discuss general issues such as telecommunications, management information requirements, ADP support, financial networks, internal control, and cash management. These memoranda will highlight the need to coordinate these activities among the several segments in order to further standardization and efficient resource utilization.

We believe the steps currently being taken will, over time, provide for effective goal-based strategic planning for financial management.

We found strong evidence that NAVCOMPT's formal planning process, as it existed at December 1982, was ineffective. The process did not provide sufficient guidance for attaining the Comptroller's general goal of improved financial management and increased system standardization.

Major factors that contributed to planning ineffectiveness in the past include, in our judgment:

- The Comptroller of the Navy had not established and communicated specific long-range goals in unequivocal terms.
- The planning unit was too far removed from senior management to be an effective planning resource.
- The mission of the planning staff was not clearly defined. Indeed, the senior officers responsible for supervising the planning staff had contradictory viewpoints on what the planners should be doing. As a result, the planners were used in a sub-optimal manner in the past.
- There was no strong commitment to long-range planning for financial management on the part of senior management.
- The long-range plan had not been used as a control or monitoring tool. Other claimants and even NAVCOMPT project components were able to obtain project funding while bypassing the long-range planning process.

RECOMMENDATIONS

Based upon these findings of a strong current commitment to upgrade the planning process, and a series of factors which contributed in the past to planning ineffectiveness, we provide the following recommendations to improve the strategic planning process:

- The Comptroller of the Navy should:
 - ensure that specific long-range goals for DON financial management and supporting systems architecture are established for NAVCOMPT.
 - organize NAVCOMPT to facilitate effective long-range planning for DON-wide financial management. Consideration should be given to assigning the planning unit an OPNAV organization code in addition to its present NAFC code. This will enhance its ability to coordinate throughout the Navy Department.
 - personally monitor progress in long-range planning as a way of conveying the importance that he attaches to this activity.
 - promulgate instructions requiring greater linkage between the planning function and the budgeting function.
- The Commander, Navy Accounting and Finance Center, should:
 - provide positive and explicit direction to the planning unit. This explicit direction should require planners to exercise a leadership role with regard to long-range strategic planning.
 - promulgate a revised mission statement for the planning unit.
 - institutionalize the linkage between planning and budgeting within NAFC in order to provide a positive example for the rest of the Navy.
- The Director, Planning and Systems Evaluation Division, should:
 - propose a more explicit mission statement for review and approval of the Commander, Navy Accounting and Finance Center. The mission statement should call for a leadership role with regard to long-range strategic planning on the part of the Planning Branch.
 - continue his analysis of current strategies as a means to enable the Comptroller to establish long-range goals and objectives and permit goal-based planning in the out-years.
 - incorporate planning assumptions on the out-year environment into the Master Plan once sufficient groundwork has been completed.
 - strengthen his planning staff. Emphasis should be placed upon recruiting personnel with high-level conceptual abilities, as well as substantial government accounting expertise and some field accounting experience. Additionally, more training should be provided for existing staff.

I. INTRODUCTION

PURPOSE

The Financial Systems Policy and Planning Operations Directorate frequently evaluates its middle- and long-range planning methodology in the interest of improving the process. In 1982 there were changes in the planning organization, including the retirement of the former Director of the Planning Division and the more recent merger of the planning and systems evaluation function into the Planning and Systems Evaluation Division. Accordingly, it was deemed useful to engage an independent consulting firm to review the planning process and environment, assess planning effectiveness, and make recommendations for improving planning effectiveness.

The Orkand Corporation was engaged to perform this assignment under contract number N00014-83-C-0116, Assessment of the Planning Process for Development and Update of the Financial Management Improvement Program. This report provides our independent assessment of NAVCOMPT planning effectiveness along with our recommendations for improved planning.

FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM (FMIP)

The Financial Management Improvement Program (FMIP) was established in 1972 by the Secretary of the Navy as part of an effort to improve the responsiveness of the Navy's financial management system to the needs of management. The primary objective of the FMIP was to coordinate effectively the development and implementation of integrated financial management systems in order to improve the timeliness, cost effectiveness and accuracy of accounting information. The Deputy Comptroller recently emphasized that the FMIP is actually a global, DON-wide, strategic plan for all financial management. Its scope includes not only NAVCOMPT-sponsored projects, but all baseline operational systems and development efforts that have financial management and accounting implications.

The DON-wide strategic nature of the plan has not been fully appreciated throughout the Navy. The planning unit is taking steps at this time that will emphasize the global, DON-wide, strategic nature of the plan.

The Master Plan is undergoing a period of sustained change and development. The plan has 19 major financial systems which will be in various stages of implementation throughout the remainder of the decade. Many of these projects entail the complex task of replacing existing financial systems. Additionally, these systems are being upgraded, where appropriate, to comply with external regulatory requirements such as GAO Title II, OMB Circular A123, and the Federal Managers Financial Integrity Act.

Responsibility for coordinating the improvements dictated by the Master Plan is mandated to the Office of the Comptroller of the Navy (NAVCOMPT).

This organization attempts to fulfill the objectives of financial management through the application of long-range advance planning and the prescription of general policy for command implementation of financial systems. Specifically, within the NAVCOMPT organization, the Planning and Systems Evaluation Division (NAFC-12) of the Financial Systems Policy and Planning Operations Directorate, Navy Accounting and Finance Center, is charged with the direct duties of developing, evaluating, and monitoring these policies, concepts, and plans for DON-wide financial management.

DON-WIDE STRATEGIC PLAN FOR FINANCIAL MANAGEMENT

The Deputy Comptroller has mandated that the FMIP should be a global, DON-wide strategic plan for financial management. Hence, the term FMIP is somewhat a misnomer because improvement connotes primarily enhancements or new projects and not maintenance and operation of adequate baseline systems. Moreover, in recent years the term FMIP has been associated with a narrow scope of merely FMIP-funded projects. Hence, the true DON-wide and strategic nature of the FMIP may not have been fully appreciated throughout the Navy. In order to emphasize the full character of the plan, it is now referred to as the DON Strategic Financial Management Plan. The 1982 version of the Master Plan was a first major attempt at conveying its DON-wide nature in that it included all non-FMIP-funded projects that, nonetheless, further financial management.

DEVELOPING THE GROUNDWORK FOR TRUE DON-WIDE STRATEGIC PLANNING

In response to the Deputy Comptroller's mandate that long-range financial plan be global and a truly DON-wide strategic plan, the planners are currently identifying existing strategies for both major financial management components (segments) and general issues. Segments will cover: industrial fund, trust funds, stock fund, civilian pay, military pay, and general accounting/disbursing/budgeting/finance. General issues will include items that affect more than one segment, such as: telecommunications, management information requirements, ADP Support, financial network, cash management, etc. Planning issues memoranda are being developed to point forcefully to the need to coordinate efforts on general support areas such as telecommunications among the several segments in order to avoid costly duplication and optimize resource utilization.

For the first time, a complete, accurate, and DON-wide inventory of all operational accounting systems is being taken. This inventory of operational systems is being compared to the list of development projects for the purpose of portraying the nature of the DON financial environment in the out-years. This portrayal is vital for providing a baseline for effective DON-wide strategic planning for financial management. The initial purpose of this inventory of operational accounting systems was to facilitate coordination of GAO approval of accounting systems and Federal Managers' Financial Integrity Act (FMFIA) certification. Planning management recognized the value of this inventory in portraying the out-year environment. In subsequent years, the scope of this inventory will be expanded to include not only operational accounting systems but operational financial management systems as well.

METHODOLOGY

Several sources of information were used in preparing this report. Relevant instructions pertaining to NAFC's organizational structure and the FMIP Master Plan were initially studied in order to determine the general responsibilities of the individual command elements in the planning process. These instructions are listed in Appendix A. A series of meetings with the Policy and Planning Operations staff were held to provide further insight into the internal planning process and to discuss interview procedures to be used. We also discussed with the Director of the Planning Division the results of an internal NAFC survey he recently conducted on financial management concerns and problems.

A preliminary questionnaire was administered to selected key personnel within NAFC who were either involved or directly affected by the financial planning process. Prior to its distribution, the questionnaire was reviewed and approved by NAFC's chain of command. The responses gathered from the questionnaire were used to identify major issues in NAVCOMPT's planning procedures and the FMIP Master Plan in preparation for the interviews.

On-site interviews were then held with 20 individuals in cognizant codes within the NAVCOMPT organization, who were impacted by FMIP planning, to solicit their detailed remarks on the planning process. In order to encourage candid and open discussions, these individuals were offered anonymity with regard to their comments, if they so desired. All interview notes and related working papers have been retained by The Orkand Corporation, and other precautions have been taken, as appropriate, to ensure respondent and interviewee anonymity. The results of our NAVCOMPT interviews were summarized in our April 14, 1983 technical report (TR-83W-023) entitled: The Baseline Planning Environment, Navy Accounting and Finance Center.

Concurrently with our research at NAVCOMPT, we reviewed comparable planning techniques employed by other organizations in both the public and private sector in order to evaluate the appropriateness of potentially beneficial techniques for the DON FMIP. To determine what comparable planning techniques were employed by other organizations in the Federal government, The Orkand Corporation conducted 13 interviews with planning personnel in other military as well as civilian agencies. These interviews focused on the organization's long-range planning process and the development of a formal master plan. The findings of this research and government agency interviews are contained in The Orkand Corporation technical report TR-83W-028, A Report on Long Range Planning Issues Pertinent to the Navy Accounting and Finance Center. A list of these interviews is contained in Appendix B.

HISTORICAL BACKGROUND

In 1972 the Secretary of the Navy established the Financial Management Improvement Program (FMIP) which placed greater emphasis on the planning function being performed by NAVCOMPT. As a companion action, the Secretary of the Navy also directed the Integrated Financial Management Systems (IFMS)

Project to design and implement changes to the financial management systems.¹ Shortly after the implementing instructions for these actions were issued, the planning staff consisted of 16 analysts under the supervision of a Captain who reported to the Commander, NAFC.

Subsequently, three significant reorganizations took place. In 1974, the Planning Staff was reorganized as the Planning and Management Review Department. The Planning Directorate was headed by a Commander who reported to the Commander, NAFC/Assistant Comptroller, Financial Management Systems (a Rear Admiral). At that time the Planning Directorate consisted of 30 staff members with responsibilities for administrative as well as planning duties.

In November 1980 there was a reorganization within NAFC that merged the policy function with the planning function to form the Financial Systems Policy and Planning Operations Directorate (NAFC-1). The Planning Division (NAFC-12) was established within this directorate. The chief of the division was a GS-15 who supervised 4 staff analysts. The administrative duties which had previously been the responsibility of the planning staff were transferred to the Resource Management Operations Directorate (NAFC-2).

More recently, in late 1982, a reorganization within the Financial Systems Policy and Planning Operations Directorate occurred with the merging of the systems evaluation and planning functions in NAFC-12. The Planning Branch (NAFC-121) was established with a GS-14 Branch Chief and four staff analyst positions. However, the planning staff has been operating under strength, with only the Director and two analysts during the period August to December, 1982. The unit still has a vacant positions.

Most of the long-range planning done in recent years has consisted of project planning performed independently by NAVCOMPT project personnel. This project planning is often long-range because the projects are very large and have activities scheduled for several years out. However, the nature of the planning is project-oriented, not strategic. It is inherently difficult to do effective long-range strategic planning in an environment in which major projects have a time span of ten years. It had become the practice of the NAVCOMPT planning unit to merely survey the other directorates regarding their plans and report them in the master plan document. FMIP master plans have been published in 1972, 1974, 1977, 1978, 1979, and most recently in 1982. The 1982 Master Plan was the first to emphasize and include most non-FMIP funded projects on financial management.

The new planning methodology being developed provides for a more active role on the part of the planners. The planning unit will provide resources directly to the other directorates to assist in analyzing strategies. Initiatives will be offered for quarterly planning conferences and an annual retreat.

¹ SECNAVINST 7000.18 established the Financial Management Improvement Program (FMIP) and SECNAVINST 5430.87 chartered the Integrated Financial Management System (IFMS).

II. FINDINGS

We found strong evidence that NAVCOMPT's long-range planning process was ineffective. We, therefore, welcome the planning changes currently being made (We discuss these below under the heading "Groundwork to Permit Goal-based, Long-range Planning in Subsequent Years"). The process as we found it in December 1982 did not provide sufficient guidance for attaining the Comptroller's general goal of improved financial management systems and increased system standardization. Lack of coordination among projects and substantial slippages in major system development efforts were noted.

MAJOR FACTORS CONTRIBUTING TO PLANNING INEFFECTIVENESS

There are several major factors which we judge to be the cause of planning ineffectiveness. These are discussed below.

Absence of Specific Goals

NAVCOMPT has neither defined nor communicated specific long-range goals for financial management in unequivocal terms. The former Deputy Comptroller of the Navy expressed disappointment that his staff had been unable to suggest specific long-range goals for his approval. The latest FMIP Master Plan, in its Executive Summary, lists eight objectives of the FMIP Master Plan (See Exhibit II-1). All of these objectives are general in nature and do not appear to be unified by an all-encompassing goal. Many of the NAVCOMPT personnel we interviewed expressed their concerns over the lack of direction and general guidance with respect to long-range financial management improvements. "There is no road map to follow," remarked one person. The absence of definitive long-range goals in the NAVCOMPT context appears to thwart progress towards system standardization and optimal resource utilization. Moreover, the general goals set forth in the FMIP instruction are not enforced.

Decisions made today may have resulted from short-range, parochial considerations only, with little thought of the impact upon the entire organization in the out-years. For example, some project teams are planning to procure their own ADP hardware resources, even though some of the operating sites will be either collocated or in close proximity. When looking solely at one project by itself, the decision to obtain new hardware rather than share existing resources may be correct. But if there had been a long-range goal concerning DON financial management systems and ADP support facilities in the outyears, it may have been possible to coordinate multiple procurements in such a manner as to reduce capital investment and subsequent operating expenses.

Exhibit II-1

EIGHT GENERAL OBJECTIVES OF
THE DEPARTMENT OF THE NAVY'S
FINANCIAL MANAGEMENT IMPROVEMENT
PROGRAM MASTER PLAN

- 1 To provide central direction and coordination of financial management systems development throughout the DON.
- 2 To provide for the development of financial management systems with a capability to furnish useful, timely, and accurate information to DON managers for use in planning, programming, budgeting, budget execution and control, in a cost effective manner.
- 3 To develop a funds control systems which incorporates an integrated on-line funding flow from the departmental level to the responsible offices, administering offices, major claimants, regional Financial Information Processing Centers (FIPCs) and local commands/activities.
- 4 To develop an integrated, on-line reporting system that functions throughout all levels of the DON which will provide the data required to meet external and internal DON financial/statistical reporting requirements.
- 5 To consolidate financial operations into as few designated design, maintenance and support organizations as possible utilizing standard systems and dedicated hardware with on-line, real time interactive capabilities.
- 6 To incorporate the needs/requirements of financial managers/users/policymakers into the development of the DON Financial Management System and plan for the advances in state-of-the-art in ADP and telecommunications.
- 7 To provide for implementation of GAO Title 2 requirements in DON accounting systems.
- 8 To promote the design, development and evaluation of education and training programs in support of financial management system operators and users.

Source: NAVCOMPTINST 7000.39A, 25 May 1982, Enclosure 1: FMIP Master Plan, page 1.

Had there been well defined goals and objectives, the Master Plan could show how these goals and objectives would be met by the projects underway and proposed. The General Services Administration's Long Range Systems Plan lists current and prospective projects alongside respective goals. This is an effective method of portrayal that lets management visualize how goals and objectives will be met.

The planning unit is presently documenting and analyzing current strategies by segment (Industrial Fund, Stock Fund, Trust Fund, Military Pay, Civilian Pay, General Accounting). Additionally, it is preparing general strategy analyses on issues such as telecommunications, ADP support, cash management, and internal controls. These analyses will raise pertinent questions and forcefully point to the need to coordinate expensive telecommunications and ADP resources among several segments. These strategy analyses should provide an effective portrayal where DON financial management is presently headed, and, as such, will assist the Comptroller in establishing specific long-range goals and objectives.

RECOMMENDATION: The Comptroller of the Navy should ensure that specific long-range goals for DON financial management and supporting systems architecture are established for NAVCOMPT. The Comptroller of the Navy should assign staff responsibility and accountability for generating proposed goals and coordinated architectures. Emphasis should be placed on the integration and control of these goals so that the strategic plan becomes more than the additive mixture of individual components.

Planning Function Too Far Removed from Management

As discussed previously in the Historical Background Section, successive reorganizations over the past decade have distanced the planning function further away from senior management. The current organizational placement of the planning function is at the branch level, with six levels of review between the planning branch chief and the Comptroller. Exhibit II-2 contrasts the location of the planning function in 1973 and 1983.

The organizational placement of NAVCOMPT's planning function is also at a lower level than the comparable planning functions in the Comptroller's office at the Departments of the Air Force and the Army (See Exhibit II-3 for comparisons among the Departments of the Air Force, Army, and Navy). During our interviews with financial management planning personnel at other government agencies undergoing large financial systems development efforts (Departments of the Treasury and State, the General Services Administration and the Social Security Administration), we noted that the planning personnel also reported at a higher level than their NAFC counterparts.

The elevated position of the formal long-term planning function within the organization hierarchies of private industry is similarly apparent. Formal planning units maintained by large, decentralized corporations are typically headed by a senior executive officer at the vice president level. This individual commonly reports directly to the president or chief executive officer of the firm. Examples are given in Appendix C.

Exhibit II-2

REPORTING CHAIN OF COMMAND FOR NAFC
PLANNING FUNCTION: 1973 VS. 1983

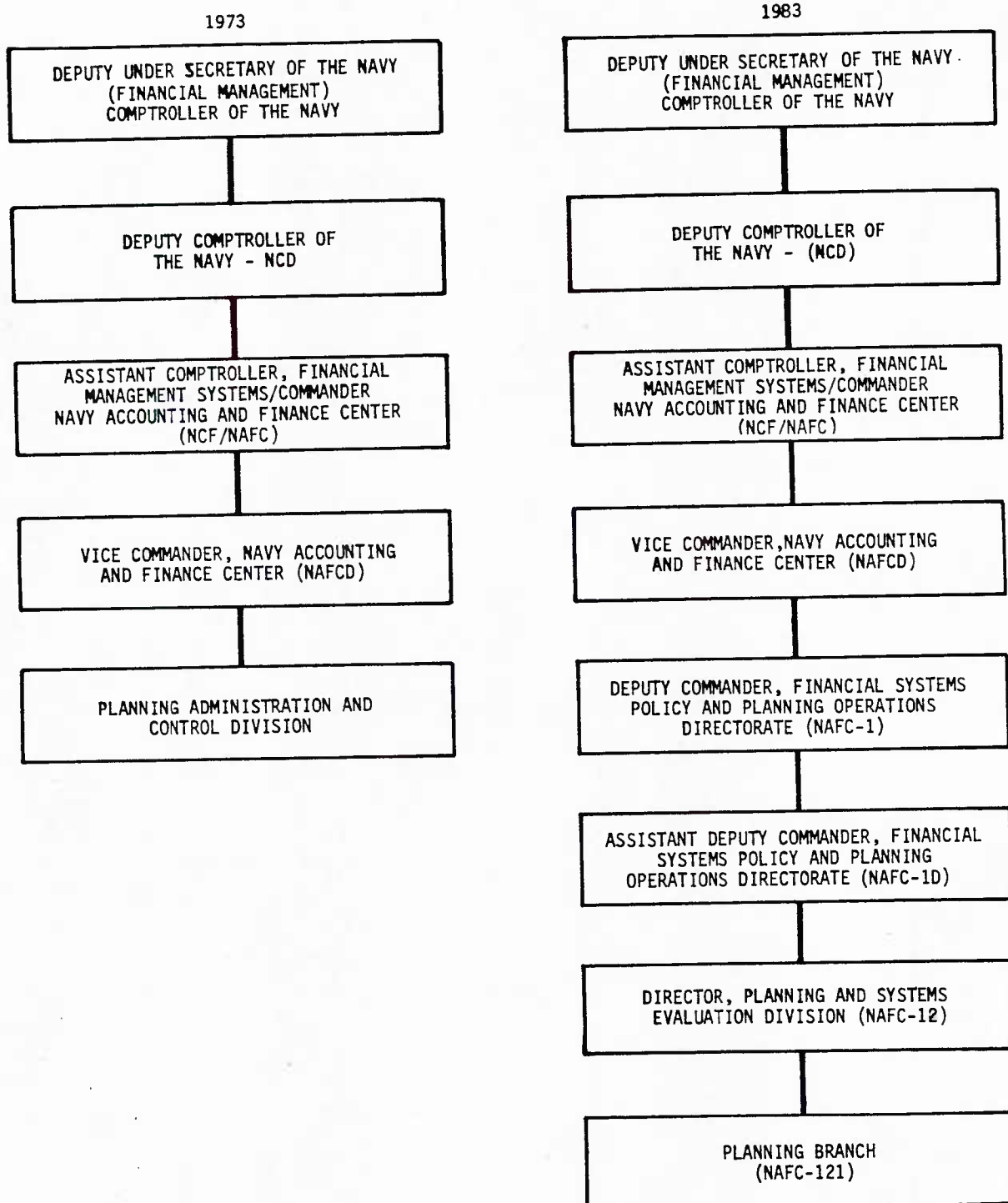
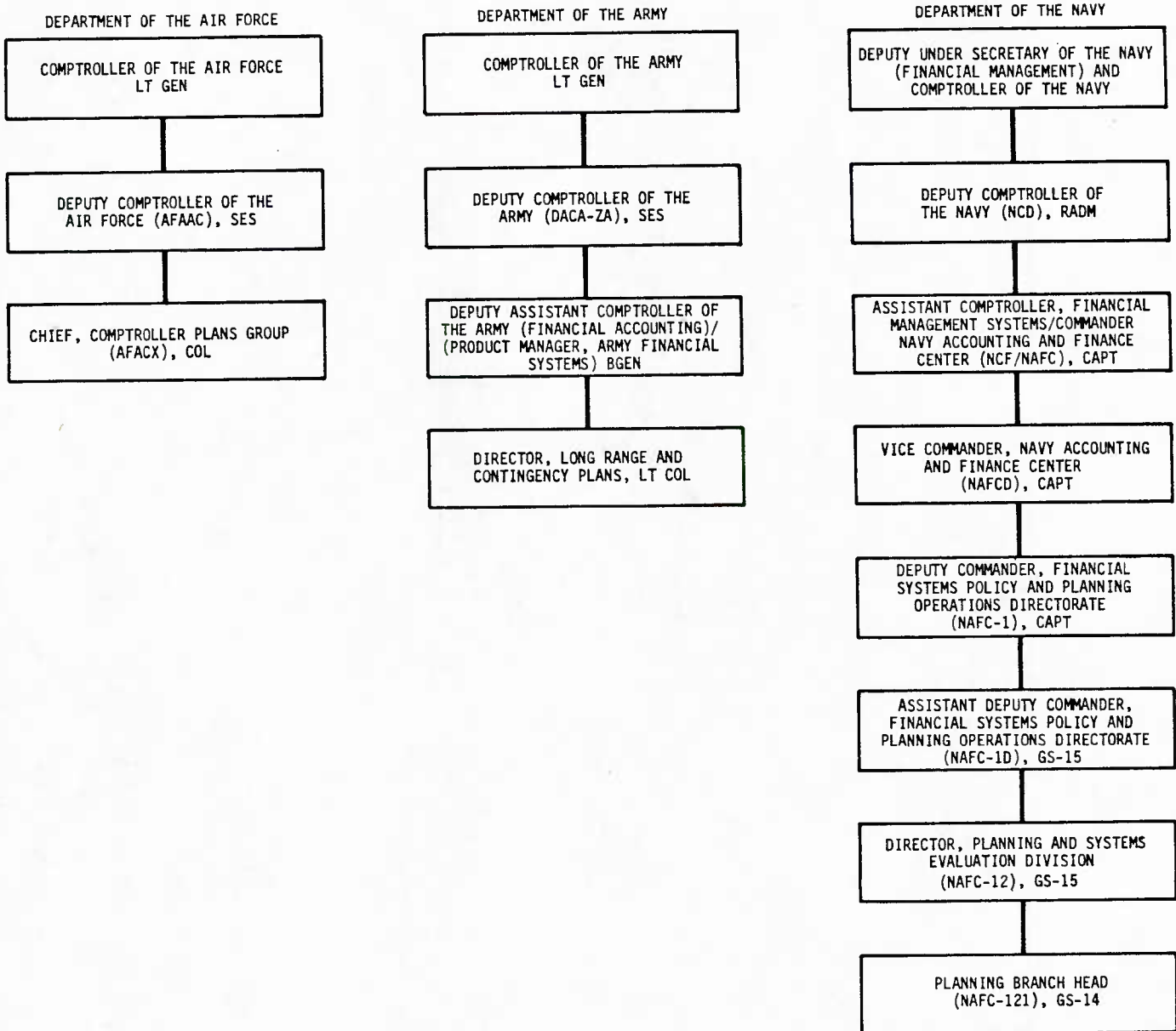


Exhibit II-3

RELATIVE LOCATION OF THE PLANNING FUNCTION IN THE DEPARTMENTS OF THE AIR FORCE, ARMY, AND NAVY



In the NAVCOMPT context, the organizational distance between the planning unit and senior management contributes to planning ineffectiveness. Guidance for the planners emanating from the chief policy and decision-makers in NAVCOMPT are subject to mistranslation or misinterpretation after going through several levels of review. Similarly, the views of the planners will almost certainly be subjected to heavy editing and dilution for the same reason before reaching the policy-makers.

There is considerable frustration among the planning staff over the tendency of senior officials to make major project commitments without addressing the long-term implications that the Planning Branch could help to clarify. We were told that planning information was disregarded in some instances. In one such case, during the review process for the 1982 Master Plan, certain enhancement initiatives were removed from the plan document as not being sufficiently significant to mention. Yet, subsequent staff work for the 1983 Master Plan resulted in some NAFC management personnel drawing attention to what they regarded as significant plan omissions, in that these same initiatives were not included.

In order for planning personnel to be effective, it is imperative that they be well informed about senior management's direction and viewpoint. If planners do not have frequent access to senior management, they may not have current knowledge of senior management's direction and viewpoint.

Another effect of the remote placement of the planning function has been the involvement of others in long-range planning. Recently, when the Deputy Comptroller required planning support, he called upon staff members who report more closely to him rather than calling upon the designated planning unit. In this instance, the Deputy Comptroller requested support from the Vice Commander, NAFC, and the Special Assistant to the Deputy Comptroller. The Pay, Travel, and Disbursing Systems/Operations Directorate is also doing some middle- and long-range planning, in cooperation with Navy Finance Center, Cleveland, for out-year payroll requirements. The planning unit volunteered resources to the Pay, Travel, and Disbursing System/Operations Directorate, and will assist the directorate in future strategic planning efforts.

In our review of long-range financial management planning at the Departments of the Air Force and Army, we noted that the planning function reports up through the Comptroller/Chief of Staff chain-of-command. In NAVCOMPT, only the budget section reports up through the Chief of Naval Operations chain-of-command. Organizationally, this makes it difficult for DON-wide strategic planning for financial management to emanate from NAVCOMPT. NAVCOMPT's absence of an OPNAV organization code may be a contributing factor to the lack of compliance with SECNAVINST 7000.18B, which requires the Navy to report financial management progress to NAVCOMPT and adhere to their guidance.

We recognize and appreciate the unique nature of the Department of the Navy in that it is comprised of two uniformed services: the Navy and the Marine Corps. We believe this strengthens the argument for having planning personnel report more closely to the Undersecretary level if the plan is to be truly strategic and DON-wide.

RECOMMENDATION: The Comptroller of the Navy should organize NAVCOMPT to facilitate effective long-range, strategic planning for DON-wide financial management. This would include explicitly designating those individuals responsible for strategic planning and then holding them accountable for effective performance of the planning function. These planning personnel should have access to the Comptroller and the Deputy Comptroller in order to further their ability to devise plans responsive to management's needs. Consideration should be given to assigning planning the unit an OPNAV organization code along with their existing NAFC Code.

Planning Staff Mission Not Clearly Defined

The official mission of the planning staff as stated in the NAFC Organization Manual is to "develop, evaluate and monitor policies, concepts, plans, and the objectives for accounting and financial management systems improvement for the DON and to develop DON policy for overall management and control of information requirements."² Under this general mission statement, the instruction prescribes fourteen (14) direct duties. Five of these duties require the planning staff to "coordinate" something. Three duties require the planning staff "to assist" in the development of something. Other direct duties require the planning staff to participate in board meetings, provide an operations research capability, conduct special studies, and evaluate and monitor improvement efforts. Only two of the 14 direct duties require the planning staff to take the lead role in an activity. These two duties are:

- Develop middle- and long-range planning assessments and assumptions; and
- Develop and recommend priorities for financial systems improvements.

Although these two direct duties imply a leadership role for the planning unit, when taken in conjunction with the other 12 coordination-oriented duties, it is not an unreasonable inference that the planning unit is merely a coordinating group or, alternatively, that it lacks a definition of its basic role.

In order to determine what management's perception of the planning unit's mission is, we asked individuals at different levels in the planning staff's chain-of-command for their interpretation of the staff's mission. The responses were often contradictory. One individual suggested that the entire Navy Accounting and Finance Center is essentially a planning organization, and that NAFC-12 merely coordinates the planning done by the other directorates. Another suggested that NAFC-12 should take the lead role in proposing alternative strategies for accomplishing long-range global goals. One senior official suggested that NAFC-12 could best assist the other directorates by keeping them informed of technological trends but that the other directorates did not need assistance on government accounting issues. Another senior

² NAFCINST 5450.1A of 17 June 1982, Subj: Navy Accounting and Finance Center Organization Manual.

officer suggested that the other directorates were well informed on technological issues but needed NAFC-12 assistance on government accounting issues.

One can reasonably expect the planning unit to be ineffective if some of NAVCOMPT's more senior officers have contradictory viewpoints regarding the mission of the planning unit. Thus, a contributing factor to the ineffectiveness of the planning unit are the at-odds views of NAVCOMPT senior officers on the unit's mission. As a consequence, resources have often been used in the past on tasks that do not keep the organization moving toward the development of an effective DON strategic financial management master plan.

In the past, the planning unit has functioned primarily in a coordinating role. However, with the recent emphasis on the global, DON-wide strategic nature of the planning function, it is imperative that the planning unit assume a significant leadership role with regard to strategic planning. There is no other centralized body without parochial segment interests that can effectively coordinate various segment and general strategies in the furtherance of greater DON-wide standardization and improved financial management.

RECOMMENDATION: The Director, Planning and Systems Evaluation Division, should propose a more explicit planning mission statement for review and approval of the Commander, Navy Accounting and Finance Center. The mission statement should call for a leadership role in strategic planning on the part of the Planning Branch.

RECOMMENDATION: The Commander, Navy Accounting and Finance Center, should provide positive and explicit direction to the planning unit and ensure that they exercise a leadership role with regard to long-range, strategic planning. A revised mission statement for the planning unit should be published in the NAFC organizational manual.

Groundwork to Permit Goal-based, Long-range Planning in Subsequent Years

In recent years, the planning unit's methodology consisted primarily of surveying the other directorates on the status of their multi-year projects. The status of these 20 major projects would then be compiled into one document that was called the "Plan." Management recognized the shortcomings of this passive survey approach, and last summer it began to devise a new planning methodology. In August 1982, four alternative planning methodologies were proposed. These four alternatives are summarized below:

Alternative I: Plan for Meeting Legal and Regulatory Requirements -
The basic assumption of this approach is that by meeting all legal, regulatory and other requirements, NAVCOMPT goals will be attained. This methodology would involve identifying and enumerating all legal, regulatory, and directive requirements and then formulating long-range system development plans that would fulfill those requirements.

Alternative II: Plan for Solving Externally Identified Problems -

The basic assumption of this approach is that NAVCOMPT receives sufficient scrutiny from external audit and investigative organizations and, as a result, these external agencies will generally detect all significant problems. Hence, NAVCOMPT should formulate long range plans to solve all of the problems reported by external agencies. Once these problems have been solved, it is assumed that NAVCOMPT will be fulfilling its mission in an effective and efficient manner.

Alternative III: Plan for Solving Internally Identified Problems -

This alternative is similar to Alternative II, except that it assumes NAVCOMPT management is in a much better position to identify its own major problems. Indeed, NAVCOMPT is capable of identifying most of the major problems that external oversight bodies might detect, plus additional problems that may be overlooked by the outside parties. This alternative would involve formulating long-range plans for solving all major internally identified problems (along with those major externally identified problems that may not have been detected internally, if any). Once these problems have been solved, it is assumed that NAVCOMPT will be fulfilling its mission in an effective and efficient manner.

Alternative IV: Plan for Attainment of NAVCOMPT Goals and

Objectives - This approach assumes that NAVCOMPT goals and objectives can best be obtained by translating general goals into more specific objectives and initiatives. Planning assumptions are postulated and then plans are formulated to develop systems, procedures and policies that will fulfill these specific objectives and initiatives.

In September 1982, planning management selected a planning methodology similar to Alternative IV: Plan for Attainment of NAVCOMPT Goals and Objectives. However, the planning unit recognized its inability to develop a new plan using the new methodology until senior management provides sufficient direction with regard to long-range goals. As a result, the unit is developing the groundwork to make progress in a difficult environment.

The measures now being taken to establish the groundwork for effective DON-wide strategic planning consist of dividing all financial functions into major segments. These segments represent the functional and accountability areas such as Industrial Funds, Stock Funds, Trust Funds, Military Pay, Civilian Pay, and General Accounting/Disbursing/Budgeting/Finance. To support this approach, a comprehensive inventory of all operational accounting systems is being conducted. This inventory will enumerate, individually, all systems, rather than grouping distinct systems performing the same functions. For example, 17 separate systems would be listed for civilian pay rather than listing "civilian payroll" as one system. These systems are then categorized and listed under the appropriate segment.

Concurrently, an inventory of all financial systems development projects is being performed. The list of development projects will be shown adjacent to the list of existing systems, with the dates and names of systems to be replaced. This framework will permit senior management to visualize the direction DON financial management is taking as a result of current projects underway. While the initial purpose of this inventory of operational accounting systems was to facilitate coordination of GAO approval of accounting systems and FMFIA certification, planning management recognized the value of this inventory in portraying the out-year environment. In subsequent years, the scope of this inventory will be expanded to include not only operational accounting systems but operational financial management systems as well. At this point, however, the inventory can be most valuable in identifying where conscious strategies actually exist and where strategies can only be inferred from actual activities. This, in turn, will provide a realistic baseline for effective planning in the out-years.

Additionally, areas in which general strategies are needed to provide support services to several functions are being noted and discussed. Included in these general strategies are issues such as a telecommunications policy, a financial systems data transmission network, ADP support services, cash management policies, and internal control standards.

This new structure of the plan is valuable for portraying the direction of DON financial management (Appendix D). This portrayal is necessary for providing the Comptroller with an informed basis for mandating specific long-range goals and objectives. Hence, these efforts will permit NAVCOMPT to perform goals-based strategic planning in subsequent years.

This approach is consistent with Wheelwright and Bank's theory³ of evolutionary stages of the planning process. This theory provides for five stages in the evolution of an effective planning process:

- 1) Preplanning
- 2) Initial Development
- 3) Intermediate Development
- 4) Advanced/Comprehensive
- 5) Advanced/Simplified

The Preplanning stage is characterized by the strategy development and decision-making being centralized at the senior management level. This stage is necessary to develop senior management understanding and commitment for the planning effort.

³ Wheelwright, Steven C., and Banks, Robert L. "Involving Operating Managers in Planning Process Evolution," Sloan Management Review, 20 (Summer 1979). pp. 43-59.

The Initial Development stage involves the planners defining the planning system. It is often found in decentralized organizations. This stage is necessary to develop expertise within the planning staff.

In the Intermediate Development stage the planning system is functioning and is accepted within the organization. In this phase, senior management considers the plan valuable but line managers perceive it as having only marginal value. There is considerable involvement by the planning staff, but only limited line management involvement.

In the Advanced/Comprehensive stage the commitment to the plan is high at all levels of the organization. Planning is an integral part of the line managers' function and they do most of the planning. The plan provides the basis for decision-making and performance evaluation. The managers' performance is evaluated on both short-term and long-term considerations. There is an explicit distinction between short-term and long-term goals. There is also some contingency and tactical plans developed in this stage.

The final stage, Advanced/Simplified, places more emphasis on the planning thought process by providing fewer details in the plan document. This stage involves more communication between the management levels regarding corporate strategies.

An important point of this theory is to recognize that the development of an effective planning process requires years of effort and dedication. While NAFC has spent the better part of a year concentrating on the improvement of their process, planning personnel recognize that it will require considerable time and determined effort to achieve an advanced stage. The change in scope of the planning function from a program orientation to the FMIP project enhancement orientation to, finally, the DON-wide strategic orientation will require time for maturation.

In our judgement, NAFC-12 has prudently recognized the need to build a sound foundation by returning to the Preplanning Stage. By portraying DON financial management via the segment and general strategies, the planning unit will permit NAVCOMPT to move to Stage 2--Initial Development and develop a firm foundation for further advances in subsequent years. This foundation will establish meaningful baseline on which NAVCOMPT can evolve to the more advanced stages of effective long-range planning in subsequent years.

Additional groundwork being laid includes initiatives for quarterly planning meetings and annual retreats. This should significantly increase the interaction of planners with the other directorates which is so vital for developing an effective plan.

RECOMMENDATION: The Director, Planning and Systems Evaluation Division, should continue his present approach in analyzing existing segment and general strategies and portraying the direction of DON-wide financial management. He should be prepared to brief the new Deputy Comptroller and Commander, NAFC, on these analyses and thereby facilitate the establishment of specific long-range goals and objectives for DON-wide financial management.

Absence of Planning Assumptions

Planning assumptions are an essential ingredient of the long-range plan. Planning assumptions set the stage on which people can visualize the long range occurring. Subsequently, if something should occur to defeat a planning assumption, the assumption's existence and documentation will readily enable management to discern the need for a change in the plan. Without documented planning assumptions, the status quo environment sometimes becomes the sub-conscious planning assumption. In this situation, it is generally more difficult to associate subsequent events with the need for a change in the plan.

In our meeting with personnel assigned to the Air Force Comptroller, for example, we were informed that the underlying assumptions of their long-range financial management plans⁴ are obtained from other Air Force long-range plans about the nature of the Air Force mission in the out-years. In particular, the Air Force 2000 Study, published 11 June 1972, provides a realistic assessment of the challenges likely to confront the Air Force in the year 2000. The study provides general guidance to Air Force planners as they address specific force development issues in the near term. Some examples of the study's unclassified assumptions about personnel are as follows:

- Air Force requirement expected to grow 10 - 15 percent
- Similar civilian/military mix
- Number of 18-year olds in the US will decline by 20 percent in 1992
- Increased competition from the private sector for experienced people
- More people will be multi-skilled generalists
- Personnel costs will grow substantially
- Need to substitute capital for labor where possible, including cost-effective telecommunications and computerization in the office environment.

Comparable assumptions about the Navy environment in the out-years would be useful for identifying the constraints within which long-range goals and strategies must be formulated. Additional assumptions that would be useful would pertain to:

- volume of payroll checks and direct deposits
- volume of disbursements

⁴ Comptroller of the Air Force, Project AC90: A Comptroller Strategic Plan for the 1990s, HQ USAF, Washington, D.C., January 1983.

- volume of traffic likely to prevail on the telecommunications networks by function.

Navy studies similar to the Air Force 2000 Study would provide fruitful planning assumptions for the FMIP planning process. Other NAVCOMPT units should be able to provide useful planning assumptions regarding their functional areas.

Efforts were made to develop planning assumptions in August 1982. These efforts have been postponed so that planning resources can focus on the restructuring on the DON strategic financial management master plan.

RECOMMENDATION: Once sufficient groundwork has been completed, the Director, Planning and Systems Evaluation Division, should incorporate appropriate planning assumptions on the out-year environment into the FMIP Master Plan. Input for formulating suitable planning assumptions should be solicited from the entire NAVCOMPT community. Plans developed by the Program Planning Office should also be used as a source for FMIP planning assumptions.

Minimal Commitment to Long-Range, Strategic Planning from Senior Management

Our previous discussion has focused on the absence of adequate specific long-range goals, the remote placement of the planning function organizationally, and the unclear mission for the planners. Many of these symptoms are not new. We have reviewed planning documentation dating back over a decade and found the problems to be similar.

An absence of specific goals and direction appears to reflect the low priority accorded by senior management to the long-range, strategic planning of financial management systems. The experience with SECNAVINST 7000.18B is instructive. In SECNAVINST 7000.18B, issued in April 1977, the Secretary of the Navy charges the commands to report quarterly on the status of the major financial systems development projects to NAVCOMPT. However, virtually no status reports have been received by NAVCOMPT during the past six years. The lack of enforcement of the reporting requirement, the absence of specific long-range goals, and the migration of the planning unit over time to a lower position are reflective, in our judgement, of a minimal commitment to long-range, strategic planning on the part of senior management. From all indications, it would appear that strategic planning for financial management is not a high priority in the Navy. A lack of significant commitment to long-range planning on the part of senior management was frequently cited as a major cause of poor planning in the literature we reviewed.

RECOMMENDATION: The Comptroller of the Navy should personally monitor progress in long-range, strategic planning and search for opportunities to convey the importance that he attaches to this activity.

Need for Closer NCB/NAFC Coordination

There appears to be very little interaction between NCB and NAFC with regard to strategic planning of financial management systems. An effective budgeting system requires access to accurate and timely historical accounting data in order for the budgeting function to perform its responsibility

accounting mission and to develop meaningful budget estimates for future years. Indeed, GAO Title II requires agencies to budget based upon information obtained from the official accounting records. Hence, substantial interface and coordination among budgeting project personnel and accounting system project personnel are highly desirable and, indeed, necessary. If there is insufficient coordination between budget automation planners and accounting system planners, there is greater risk that the interfaces between the accounting and budgeting systems may be inadequate or cumbersome. This could adversely affect managerial decision-making due to an inability to compile the necessary information in an accurate and timely manner.

NCB and NAFC are two arms of NAVCOMPT. The NCB and NAFC roles are mutually supporting in that budget preparation and execution are heavily dependent upon accurate historical cost data provided by the NAFC-prescribed accounting policies and systems. Hence, close coordination, including daily contact, would seem highly desirable for developing mutually supporting systems.

RECOMMENDATION: The Comptroller of the Navy should direct NCB to coordinate its project systems planning efforts with NAFC so that accounting and budgeting systems will be mutually supporting. This improved coordination will require significantly more interaction between the appropriate NCB and NAFC personnel. Assigning the planning unit an OPNAV code as well should help this coordination.

Linkage Between Long-range Financial Management Planning and Programming

Most organizations recognize the need to have a strong linkage between planning and budgeting. We noted this frequently in our review of how other government agencies and the private sector perform their long-range planning. This linkage serves as an important control to ensure that an organization's requirements are anticipated sufficiently in advance to provide for the attainment.

The Navy facilitates this linkages through the Program Objectives Memorandum (POM) process with its five-year programming horizon. This linkage is sometimes more difficult to implement in the case of DON financial management because many claimants subsume financial management and accounting functions as ancillary components in larger systems projects. Not having strong linkage between long-range financial management planning and the programming and budgeting functions impedes NAVCOMPT's general goal of obtaining greater DON-wide standardization and more efficient financial systems.

The scope of the master plan has increased over the years from a focus on FMIP-funded improvements only (1972-81), to a focus on all financial management improvements (1982), to a current focus on a strategic master plan for financial management. However, the actual use of the plan as a monitoring or controlling tool has remained minimal. Indeed, because there is little linkage between long-range planning and budgeting, there is little incentive to submit long-range ideas and strategies to the planning process on the part of claimants lest those ideas be subject to additional scrutiny. Hence, one

can understand why claimants and NAVCOMPT project managers may keep their ideas to themselves until they need to be budgeted. There is little to motivate commands to report their financial management efforts to NAVCOMPT. Even within NAVCOMPT, organizations other than NAFC have infrequently provided input to long range plans. Finally, within NAFC, the other directorates and major projects have evolved to the point where they need not pass through the planning process for resources for improvements, enhancements, new systems designs, or maintenance. Contact is direct with the budget organization and there is little incentive to work directly from the master plan. There may even be a disincentive because, in an environment where an organization must compete for funds for their projects, an organization that discloses its plans may be at a disadvantage due to the additional scrutiny.

Steps that could be considered for improving this linkage would be more vigorous enforcement of SECNAVINST 7000.18B (which requires claimants to liaise with NAVCOMPT on financial systems development matters) and conducting annual DON-wide comptroller conferences. This measure would serve to get the claimants involved with NAVCOMPT's centralized direction and reduce instances in which claimants independently develop their own non-standard financial systems.

An improved linkage between planning and budgeting throughout the DON would be facilitated if NAFC were to lead by example and eliminate instances in which NAFC-sponsored initiatives are programmed without consideration in the long-range planning process. Department of Defense instructions on the Planning, Programming, and Budgeting System (PPBS) mandate this effective linkage.

RECOMMENDATION: The Comptroller of the Navy, as part of his organization of the NAVCOMPT planning function, should promulgate instructions mandating linkage between DON-wide financial management planning, programming and budgeting.

RECOMMENDATION: The Commander, Navy Accounting and Finance Center, should strengthen the linkage between planning and programming within his own command. This will serve as a positive example for the rest of the DON.

Desirable Skills for Planning Staff

Effective long-range planning requires a special mix of knowledge and skills. In order to plan for something, the planner must have an excellent grasp of the subject about which he is planning. With respect to the Department of the Navy financial management, knowledge and experience of existing Navy financial systems, government accounting practices, and field operations are essential. The staff must have a mastery of all applicable titles pertaining to government accounting and up-to-date knowledge of current and regulatory requirements such as: Treasury Fiscal requirements, the Prompt Payment Act, the Federal Managers Financial Integrity Act, and OMB Circular A-123 on internal control systems. Finally, it is imperative that the planning staff have knowledge and experience in long-range planning. Absent this knowledge and experience, planners will be unable to propose meaningful improvement alternatives or evaluate intelligently those planning proposals suggested by others.

The inherent nature of planning requires the ability to reason abstractly and conceptualize future systems alternatives. Ideally, planning personnel should have both the ability to conceptualize and a detailed knowledge of government accounting. While evaluation of the capabilities of specific individuals is outside the scope of our assignment, we were informed that members of the present planning staff do not have significant experience in field accounting operations. At the onset of our review, we noted a dearth of library materials and a general unawareness on matters such as Financial Accounting Standards Board (FASB) pronouncements, Government Accounting Standards Board (GASB) pronouncements, Treasury Fiscal Requirements Manual (TFRM), and Association of Government Accountants (AGA) educational materials. We credit planning management for increasing staff awareness in these areas.

RECOMMENDATION: The Director, Planning and Systems Evaluation Division, should strengthen his planning staff by recruiting staff with high-level conceptual abilities as well as substantial government accounting experience. Additional field accounting experience is also desirable. Requesting field personnel for temporary assignments should also be considered. The Director, Planning and Systems Evaluation Division, should coordinate with the Office of Career Management (NAFC-3) to obtain training for existing and new staff in the areas of governmental accounting, planning, and DON financial management. We understand that this coordination is in process.

APPENDIX A

NAVY ACCOUNTING AND FINANCE CENTER

FINANCIAL SYSTEMS POLICY AND PLANNING
OPERATIONS DIRECTORATE

INSTRUCTIONS AND REFERENCES PERTAINING TO THE STRATEGIC
PLANNING OF DON-WIDE FINANCIAL MANAGEMENT

DoD Directive 5100.4, "Life Cycle Management of Automated Information Systems (AIMS)," Oct. 17, 1978

DoD Instruction 7920.2, "Major Automated information Systems Approval Process," Oct. 1978

DONADPM 7, of 27 Mar. 1981, Subj: Department of the Navy Mid-Range Information Systems Plan (FY 1984 - FY 1988)

DONADPM 34 of 25 Jun. 1982, Subj: Preparation of Information System Support Plan

DONPIC Ser. 902G/187640 of 24 Jul. 1979, Subj: Department of the Navy Programming Manual

NAFCINST 5450.IA of 17 Jun. 1982, Subj: Navy Accounting and Finance Center Organization Manual

NAVCOMPT NOTICE 7000 of 24 Aug. 1982, Subj: Department of the Navy Financial Management Improvement Program (FMIP)

NAVCOMPTINST 7000.39A of 25 May 1982, Subj: Department of the Navy Financial Management Improvement Program (FMIP)

NCFP Memorandum of 8 Aug 1974, from: Director, Planning and Management Review Division, to: NCF Personnel, Subj: Planning Management System (PMS)

SECNAVINST 5320.6A of 31 Aug. 1981, Subj: Automatic data processing approval authority and acquisition/development thresholds; delegation of

SECNAVINST 5231.1A of 20 Nov. 1979, Subj: Life-cycle management of automated information systems within the Department of the Navy

SECNAVINST 7000.18B of 12 Apr. 1977, Subj: Policy for the development of financial management systems in the Department of the Navy

SECNAVNOTE 5321.1A of 28 May 1982, Subj: Life Cycle Management of Automated Information Systems (AIMs)

U.S. General Accounting Office, The Comptroller General of the United States. Accounting Principles and Standards for Federal Agencies, Title 2, 1978

U.S. General Accounting Office. Duplication In The Navy's Management Information System Is Costly. Oct. 15, 1979

APPENDIX B

OTHER AGENCY COMPONENTS INTERVIEWED

Department of the Air Force
Comptroller's Office

Department of the Army
Financial Management Office
Accounting and Financial Systems
Policy and Planning Directorate
Long-Range and Contingency Plans Section

Department of Energy
Office of Financial Policy and Accounting

General Services Administration
Office of Finance

Department of the Interior
Program Development Division

Joint Financial Management Improvement Program
Staff

National Aeronautics and Space Administration
Financial Management Division

Nuclear Regulatory Commission
Accounting and Finance Office

Office of Personnel Management
Budget Office

Department of State
Office of Financial Systems

Department of the Treasury
Bureau of Government Financial Operations

APPENDIX C

ORGANIZATIONAL RESPONSIBILITY FOR LONG-RANGE PLANNING WITHIN MAJOR CORPORATIONS

<u>Organization</u>	<u>Planning Unit Headed By</u>
Abbott Laboratories, Inc.	Vice President - Planning and Development
Allegheny International Corporation	Vice President - Corporate Development
American Can Company	Senior Vice President - Strategic Planning
AMF, Incorporated	Vice President - Planning and Corporation Development
ARMCO, Inc.	Senior Vice President - Corporate Strategy
Atlantic Richfield Company	Vice President - Planning
Bank of Virginia	Senior Vice President - Planning and Development
Chesapeake Corporation	Vice President - Corporate Planning
Continental Group, Inc.	Executive Vice President - Finance and Planning
Datapoint Corporation	Executive Vice President, Corporate Development
Dresser Industries, Inc.	Senior Vice President, Corporate Planning and Information Systems
Eaton Corporation	Vice President - Planning and Business Development
Ford Motor Company	Vice President - Corporate Strategy and Analysis
General Electric Company	Senior Vice President - Corporate Planning and Development

APPENDIX C (cont.)

ORGANIZATIONAL RESPONSIBILITY FOR LONG-RANGE PLANNING WITHIN MAJOR CORPORATIONS

<u>Organization</u>	<u>Planning Unit Headed By</u>
McDonnell Douglas Corporation	Staff Vice President - Strategic Planning
MCI Communications Corporation	Senior Vice President - Planning and Administration
Occidental Petroleum Corporation	Vice President - Corporate Planning and Business Development
Owens-Corning Corporation	Senior Vice President - Planning
Pennsylvania Power and Light, Co.	Senior Vice President - Corporate Planning
A. H. Robins Corporation	Senior Vice President, Corporate Planning and Development
Rockwell International	Senior Vice Presidents - Strategic Management, Corporate Development
Standard Oil Company	Vice President - Planning and Economics
Texaco, Inc.	Vice President - Strategic Planning
Transamerica, Inc.	Vice President - Corporate Planning
U.S. Steel Corporation	Vice President - Corporate Strategic Planning
Uniroyal, Inc.	Vice President - Corporate Planning
United Energy Resources, Inc.	Executive Vice President - Planning and Administration
United Technologies Corporation	Vice President - Strategic Planning
Westinghouse Electric Corporation	Vice President - Corporate Planning

APPENDIX D

STRUCTURE OF THE DON STRATEGIC FINANCIAL MANAGEMENT MASTER PLAN¹

- I. BACKGROUND OF THE DON STRATEGIC FINANCIAL MANAGEMENT MASTER PLAN
- II. HISTORY OF DON FINANCIAL MANAGEMENT
- III. MISSION OF THE COMPTROLLER OF THE NAVY
- IV. CURRENT SITUATION
- V. LEGAL, REGULATORY AND DIRECTIVE REQUIREMENTS
- VI. BASIC OBJECTIVES
- VII. FINANCIAL MANAGEMENT SEGMENTS AND STRATEGIES

Each of the Segments will include:

- Description of Present Segment Environment
- Segment Objectives
- Segment Strategies
- Implementation Projects (Including System Development Projects)

The Segments are:

1. INDUSTRIAL FUND
2. STOCK FUND
3. MILITARY PAY
4. CIVILIAN PAY
5. TRUST FUNDS, FOREIGN MILITARY SALES & NON-APPROPRIATED FUNDS
6. GENERAL ACCOUNTING, DISBURSING, BUDGET, FINANCE

- VIII. GENERAL ISSUES AND STRATEGIES

Each of the General Issues will include:

- Description of Present Environment
- Objectives
- General Strategy
- Implementation Projects

APPENDIX D

STRUCTURE OF THE DON STRATEGIC FINANCIAL MANAGEMENT MASTER PLAN (continued)

The General Issues are:

- | | |
|-----------------------|--|
| 1. TELECOMMUNICATION | 7. RESEARCH AND DEVELOPMENT |
| 2. ADP SUPPORT | 8. MANAGEMENT INFORMATION REQUIREMENTS |
| 3. FINANCIAL NETWORK | 9. ADP SECURITY |
| 4. SYSTEMS EVALUATION | 10. SYSTEMS INVENTORY |
| 5. CASH MANAGEMENT | 11. FINANCIAL SYSTEMS DEVELOPMENT |
| 6. INTERNAL CONTROLS | |

ATTACHMENTS

- A) DON Financial Management Structure
- B) Time-Phased Project Plans (Segment & General)

¹ This outline reflects the new format of the plan as of May, 1983, and was prepared by NAFC-121.